## DOCKET FILE COPY ORIGINAL



February 14, 1994

William F. Caton Acting Secretary Federal Communications Commission 1919 M St. NW Washington, DC 20554

> Docket 92-266 In re:

FIL CELLVIS 18 1954.

Dear Mr. Caton:

Pursuant to Section 1.1206 of the Commission's rules, attached are copies of ex parte presentations to Chairman Reed Hundt and Commissioners James Quello and Andrew Barrett from Bruce Mears, Vice President, Multimedia Cablevision; Linda S. Chambers, Vice President, Business Affairs, Paragon Cable; John Pryor, President, Hornell Television Service, Inc.; Johnny Mankin, Vice President and Regional Manager, Cablevision, Waco, Texas; Michael S. Willner, President, Insight Communications Co.; Chuck Davis, General Manager, KBC Cablevision; Brownie R. Wood, Manager Greenville Cablevision; Douglas J. Feltman, President, Rigel Communications Inc. These communications should be associated with the above-referenced docket.

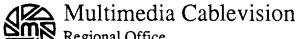
Sincerely,

Robert J. Ungar, Vice President and

General Counsel

No. of Copies rec'd\_\_\_\_\_\_\_ List ABCDE

RECEIVED 92-246



FEB 1 5 1994

Regional Office

P.O. BOX 6257 • 1509 WEST MOUNT DRIVE, ROCKY MOUNT, NORTH CAROLINA 27802-6257 • (919) 44 PECC MAIL HOUSE

February 3, 1994

Commissioner James Quello Federal Communications Commission 1919 M Street, N.W. Washington, DC 20554

Dear Commissioner Quello:

Multimedia Cablevision owns and operates cable television systems in small to medium size cities in eastern North Carolina. Our service area is predominately rural and, consequently, cable television is a primary source of information and entertainment for the residents of this area.

In 1990 and 1991 we made commitments to several of the cities that we serve to upgrade our distribution systems. Through substantial investment, we have rebuilt over 1,000 miles of distribution and installed over 150 miles of fiber optic cable. These systems are now as advanced as any in operation today, and are capable of delivering much more information and entertainment on a more reliable basis.

The many changes brought about by the Cable Act took effect while we were still in the process of rebuilding these systems. Our subscribers suffered the confusion and frustration of channel changes brought about by must carry/retransmission consent and the changes in rate structure resulting from re-regulation. The negative press associated with these occurrences has hindered our ability to attract new subscribers and retain existing subscribers at a time when we are attempting to recover a substantial investment.

We have suffered a substantial reduction in revenue as a result of re-regulation and are further hampered by the Commission's procrastination in making cost of service and "going forward" policies. We literally cannot inform our subscribers how new channels will be added in these rebuilt systems without a firm set of rules. A further reduction in the benchmarks or severe change in the rate rules would not only increase the burden associated with recovering our existing investment but would also limit our ability to make future investments. There are no winners in that scenario.

Comissioner James Quello Federal Communications Commission February 2, 1994 Page Two

We respectfully request that the Commission act as soon as possible to finalize all rule makings associated with cable television and lift the rate freeze. We also implore the Commission not to further reduce rates or make rules that would further injure our ability to meet the needs and desires of our subscribers.

Thank you for your kind consideration.

Sincerely,

Bruce Méars Vice President

BM:pdh





# PARAGON

February 3, 1994

FEB 1 5 1994
FOC MAIL ROOM

Chairman Reed Hundt Federal Communications Commission 1919 M Street NW Washington, D. C. 20554

Dear Chairman Hundt:

I am writing today to express my thoughts regarding cable regulation issues being reviewed by the Federal Communications Commission and to ask for your careful consideration in helping to shape the future of the telecommunications industry.

First, the Commission will take up a reconsideration of the benchmark process. Some believe that the Commission may actually lower the benchmarks even further. As you're aware, the cable television industry and Paragon Cable have already been dealt a severe financial blow without another round of lowered rates. While we all try to keep our companies whole, it becomes increasingly difficult to understand why the belief exists that it is necessary to impart even more punitive rulings. Even lower benchmarks will cripple the industry's ability to effectively and fairly compete in the new world of telecommunications.

While the Commission reviews decisions with respect to the benchmark process, the clock continues to tick on a rate freeze that's been in effect since April 5, 1993. We are very concerned that the FCC will extend the rate freeze again, beyond February 15, 1994. Rates are low enough. The issue here is whether or not cable companies will have the ability to build the "Information Superhighway" on a competitive basis if our sources of capital are dried up. Extending the rate freeze and further benchmark reductions will drastically reduce our ability to compete.

Throughout the rulemaking and rate regulatory process, there has been little consideration given for cable companies to recoup their investment in expanded services and new technology. Cable companies are preparing to compete in the

next generation of telecommunications; however, the financial incentive to invest in the plant and equipment necessary to effectively compete, is quickly slipping away. While our costs continue to rise, we await decisions with respect to cost of service and external cost issues. The entire regulatory process is based on "prices" but should include consideration of "costs" incurred. We believe that any business should be allowed to expect a reasonable return on their investment, and our business is no exception. The future of the telecommunications industry is dependent upon the ability of multiple providers, including cable television companies, to bring a vast array of services to the American people, at reasonable prices.

Next, the Commission will take some action dealing with programming packages and a la carte offerings. Research indicates that customers welcome the opportunity to purchase only the levels of service they desire. If the FCC finds fault with how cable systems have packaged some of their services and offered them on an a la carte basis, then it will be necessary to provide another notice to subscribers. In addition, if the benchmarks are lowered and results in rate changes, yet another notice must be given to customers. And, if the rate freeze is extended, cable systems that have already notified customers regarding a rate adjustment will be required to send another notice to customers advising them that it will not occur. The result: more customer confusion, overloaded customer service lines and additional unrecoverable expenses for the cable companies.

In addition to reconsideration of its benchmark process, the Commission will also address these important issues:

- \* the procedure to be used to adjust rates when adding or deleting channels of programming,
- \* some solution to the problems for small systems;
- \* and a decision on cost-of-service regulations.

As the FCC reviews these issues and makes decisions in the upcoming weeks, we are hopeful that you can set the tone for more moderate, tempered decisions as they emerge from the

Commission. Your role in shaping the future of the telecommunications industry is vital to the country and to the American people.

Sincerely,

Linda S. Chambers

Linda S. Chambers

Vice President, Business Affairs

cc: Jeffrey A. McQuinn, President Steve Effros, Cable Telecommunications Association



## Hornell Television Service, Inc. 92-266

#### COMMUNITY CABLE SERVICE

166 Main Street, Hornell, New York 14843 \* (607) 324-4611

February 4, 1994

Commissioner Andrew Barrett Federal Communications Commission 1919 M Street N W Washington, DC 20554

Dear Commissioner Barrett

1 am the manager of a small independent cable television system which serves about 6200 subscribers in upstate New York. Lately I have learned that the FCC may be planning to reduce the rate benchmark or make other rules to lower the cable system rates and to continue the rate freeze for an additional period of time. These actions are very detrimental to the operation of our cable

We presently charge only \$15.35 per month for 29 channels of programming and are struggling to economically operate in the face of continuing increases in the costs of doing business, especially with the increased cost of insurance, programming charges, wages and utilities.

We are also in the process of increasing our channel capacity to 61 channels and are trying to participate in building the "Information Superhighway" but are not allowed to increase our revenue in order to be able to pay for these improvements our subscribers require. In fact we have had to cut costs in order to compete and this has resulted in the loss of one full time and one part time experienced personnel. Future layoffs will be required if there is no relief soon to this disasterous situation.

Sincerely,

President



### Hornell Television Service. Inc.

166 Main Street HORNELL, NEW YORK 14843

COMMUNITY CABLE SERVICE

Phone 324-4611

February 4, 1994

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# Hornell Television Service, Inc.

#### COMMUNITY CABLE SERVICE

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February 4, 1994

Chairman Reed Hundt Federal Communications Commission 1919 M Street N W Washington, DC 20554

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Sincerely,

John Pryor, President

# PARAGON

FEB 1 5 1894

February 3, 1994

FOC MAIL HOC. 1

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Throughout the rulemaking and rate regulatory process, there has been little consideration given for cable companies to recoup their investment in expanded services and new technology. Cable companies are preparing to compete in the

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Sinda S. Chambers
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Vice President, Business Affairs

cc: Jeffrey A. McQuinn, President

Steve Effros, Cable Telecommunications Association

# PARAGON

RECEIVED

FEB 1 5 1994

February 3, 1994

FCC MAIL ROULD

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Vice President, Business Affairs

cc: Jeffrey A. McQuinn, President Steve Effros, Cable Telecommunications Association



February 3, 1994

RECEIVED

FEB 1 5 1974

FCC MAIL HUC.

Chairman Reed Hundt Federal Communications Commission 1919 M Street, N.W. Washington, DC 20554

Dear Chairman Hundt:

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Chairman Reed Hundt Federal Communications Commission February 2, 1994 Page Two

We respectfully request that the Commission act as soon as possible to finalize all rule makings associated with cable television and lift the rate freeze. We also implore the Commission not to further reduce rates or make rules that would further injure our ability to meet the needs and desires of our subscribers.

Thank you for your kind consideration.

Sincerely,

Bruce Mears Vice President

BM:pdh





P.O. BOX 6257 • 1509 WEST MOUNT DRIVE, ROCKY MOUNT, NORTH CAROLINA 27802-6257 • (919) 443-4019

February 3, 1994

FEB 1 5 1974
FCC MAIL HUG.

Commissioner Andrew Barrett Federal Communications Commission 1919 M Street, N.W. Washington, DC 20554

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Comissioner Andrew Barrett Federal Communications Commission February 2, 1994 Page Two

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Sincerely,

Bruce Mears Vice President

BM:pdh





February 7, 1994

Mr. James Quello, Commissioner Federal Communications Commission 1919 M Street N.W. Washington, D.C. 20554

Dear Commissioner Quello:

FEB 1 5 1574

FOC MAIL HUC.

I have great concerns about issues for small cable TV systems, and cost of service issues as well as their reconsiderations of the benchmarks and rate freeze.

The last benchmark adjustment left my customers and City Council very happy, the City Council was so pleased that they did not file to regulate.

Another ten percent (10%) reduction and not being able to tier service could be a catastrophe for a small system. My cable system has 7,404 subscribers. My income dropped over \$300,000 due to the last rate changes (extra outlets and remotes).

In a system that is eighty-one (81%) saturated it is very difficult to increase customers and income without tiers.

Since the last rate changes we have added five (5) channels, increased the channel capacity of the Broadcast Basic, without dropping any channels. Our Broadcast Basic has increased from twelve (12) channels to seventeen (17) channels and Preferred Basic from thirty-four (34) to thirty-nine (39) channels.

With a rate "freeze", this could mean a cut back of work force and other contributions and community services not required by law.

Please Commissioner Quello, let us continue our business without any additional burdens like other television services do, (wireless TV), they can charge what ever.

Sincerely,

Brownie R. Wood Manager Greenville CableVision

BRW:sh

cc: Chairman Reed Hundt Commissioner Andrew Barrett



February 7, 1994

Chairman Reed Hundt Federal Communications Commission 1919 M Street NEW Washington, D.C. 20554

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February 7, 1994

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BRW:sh

cc: Chairman Reed Hundt Commissioner James Quello



FEB 15 1974

February 4, 1994

Chairman Reed Hundt FCC 1919 M Street NW Washington, D.C. 20554

Dear Chairman Hundt:

Your continued "freeze" on our industry is doing damage. Continued freezing - just like that done to people in severe weather will eventually cause frost-bite to the cable industry.

Here in Killeen our system employs some 65 people and is one of the top dozen employers. We serve a military community and have survived the ups and downs of this economy. This continued freeze will make us have to consider cut-backs in our work-force and other community services not required by law.

Our company has complied fully with all Commission requirements such as; doing away with additional outlet charges and lowering remote charges to only seventeen cents. We have in good faith met with all FCC requirements. We should not be expected to continue to be subjected to this extreme climate and run a successful business.

Sincerely,

Chuck Davis General Manager

KBC Cablevision

cc: U.S. Congressman Chet Edwards



February 4, 1994

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